

**Minutes  
Finance and Audit Committee Meeting  
Board of Directors of the Virginia Economic Development Partnership  
March 8, 2023  
1:30 p.m.**

**901 East Cary Street  
One James Center, Board Room  
Richmond, VA 23219**

**Welcome and Call to Order**

The meeting was called to order at 1:37 p.m. by Chair Rick Harrell, who noted that a quorum was present.

Committee Members Present: Chair Rick Harrell, Secretary Stephen Cummings, April Kees, Pace Lochte, Secretary Caren Merrick, Will Sessoms, and Steven Stone

Committee Members Absent: None

Other Board Members: Carrie Chenery, Mimi Coles, Bill Hayter, John Hewa, and Nick Rush

VEDP staff present: Stephanie Agee, Jamie Canup, Star Cranston, Nicole David, Jason El Koubi, Kim Ellett, Stephanie Florie, Jennifer Garrett, Katherine Goodwin, Bob Grenell, Stephen Hartka, Chris Hughes, Angie Jenkins, Lori Melancon, Tim Stuller, and Lisa Wallmeyer

Guests present: Chris Kalafatis, Kim McKay, Nicole Riley, Denise Seaborn, Kendra Shifflett, and Linda Wade

**Public Comment Period**

Chair Harrell asked for public comments. There were none.

**Approval of Minutes for December 7, 2022 Meeting**

Chair Harrell asked for approval of the minutes from the December 7, 2022 Committee meeting.

A motion was made by Ms. Kees and seconded by Mr. Sessoms and the minutes were unanimously approved as presented.

## **FY22 Financial Audit Report**

Mr. El Koubi introduced Linda Wade with the office of the Auditor of Public Accounts. Ms. Wade delivered the results of VEDP's FY22 financial audit. She reviewed a summary document of the audit, which showed a clean, unmodified opinion. Ms. Wade reminded the Committee of the scope of the APA audit. Ms. Wade expressed her appreciation for the cooperation of VEDP staff during the audit process.

Chair Harrell thanked Ms. Wade for her report.

Mr. El Koubi reminded the Committee that Mr. Grenell was promoted to controller about 2 years ago and that it has taken time to find a capable number two to serve on the Fiscal team. Mr. El Koubi shared that Jason Alexander has recently been added to the team and is off to a great start. Mr. El Koubi explained that, as a result of the extended search for the number two position, the Fiscal team was not fully staffed during the period the audit took place. Mr. El Koubi recognized Mr. Grenell's leadership during the audit process and expressed his gratitude for Mr. Grenell and his team carrying VEDP through another clean audit.

A motion was made by Mr. Sessoms to approve the FY22 Financial Audit. Secretary Cummings seconded the motion, and the motion was unanimously approved as presented.

## **Closed Meeting**

### **IT Security and Governance Update**

A motion was made by Mr. Sessoms and seconded by Ms. Kees to move into a closed meeting. The motion shown below was unanimously approved by the members.

I move that the Finance and Audit Committee convene a closed meeting to discuss IT security and governance issues pursuant to Subdivision A 19 of §2.2-3711, which allows for a discussion of information that could jeopardize the safety or security of VEDP's IT systems and software if made public.

Mr. El Koubi asked that VEDP staff be allowed to stay for the closed meeting for all matters and Chair Harrell agreed.

### **Back in Open Meeting, Certification of Closed Meeting – Followed by a Roll Call vote:**

Upon the vote:	Chair Harrell	Aye
	Secretary Cummings	Aye
	Ms. Kees	Aye
	Ms. Lochte	Aye
	Secretary Merrick	Aye
	Mr. Sessoms	Aye
	Mr. Stone	Aye

### **VEDP FY23 Financial Results (thru 12/31/2022)**

Mr. Grenell presented the FY23 Operations Budget to actual for the six months ended December 31, 2022. Mr. Grenell shared that all VEDP divisions are below budget through the first six months of the fiscal year.

Mr. Grenell explained that the market-facing divisions, which include Talent Solutions, International Trade, Business Investment, and Marketing & Communications are under budget.

Mr. Grenell noted that International Trade and the Virginia Talent Accelerator program have been ramping up spending recently. He said spending rates for the market-facing divisions are expected to increase in the remaining quarters of FY23.

Mr. Grenell reviewed Projects, Pass Thru's and Grants, which are all under budget for the fiscal year. He reviewed the FY23 budget details for the items included in this part of the budget, adding that spending will significantly increase in this area beginning in the third quarter of the fiscal year.

Chair Harrell thanked Mr. Grenell for his report.

Secretary Merrick made a motion to approve the Q2 FY23 financial results. The motion was seconded by Ms. Kees and the motion was unanimously approved.

### **Audit Update**

Chair Harrell introduced Mr. Kalafatis with FORVIS to provide a progress update on VEDP's audit function.

Mr. Kalafatis reviewed suggested edits to the audit charter and policies and procedures and presented a revised version for approval.

Mr. Kalafatis reviewed the status of Management Action Plans. He explained that two of four outstanding items have been closed since the last Committee meeting. He said that two remain open from the audit of the Virginia Talent Accelerator Program. Mr. Kalafatis said FORVIS and VEDP have agreed to extend the timeline for completion of these open items to the end of June.

Mr. Kalafatis shared that he and his team recently completed audits of the Regional Talent Solutions and Business Outreach (RTSBO) and Economic Competitiveness (EC) divisions. He reported that RTSBO had a clean audit with no finding and the EC audit resulted in one low-rated finding. He explained that the EC team has already completed the action related to the finding.

Mr. Kalafatis said that an audit of the Research division and a small scope audit of the Information Technology division are in progress.

Mr. Kalafatis explained that work is also underway on VEDP's annual Risk Assessment. He said that this assessment will inform the audit plan for FY24, which will be provided to the Committee and Board of Directors in June.

Chair Harrell thanked Mr. Kalafatis for his report.

### **Extension Requests**

Chair Harrell introduced Ms. Goodwin to share her report.

Ms. Goodwin presented two extension requests for the Committee's consideration, including one data center sales and use tax extension request. She stated that the localities where these companies are located are supportive of the extension requests.

**Eldor – Botetourt County** has requested a second extension of 15 months to provide more time for the company to reach its employment target. The company has already exceeded its investment target. Eldor has hired a manufacturing consulting service to help with their talent attraction efforts. VEDP recommends waiving the 5% administrative fee associated with the extension request.

Ms. Goodwin reminded the Committee that second extension requests require Major Employment and Investment Project Approval Commission (MEI) review and approval.

**Qualitytech, LP – Prince William County** has requested a second extension of 18 months to provide more time for the company to reach its employment target. The company has exceeded their investment target. Ms. Goodwin reviewed the various tactics Qualitytech is implementing to ramp up hiring and said they feel confident that they will meet their jobs goal.

Mr. Sessoms made a motion to recommend approval of both extension requests that were presented. Mr. Stone seconded the motion, and the recommendation was approved. Ms. Kees abstained from the vote on Eldor.

### **Clawback Updates and OAG Referrals**

Ms. Goodwin stated that there have been no new referrals to the Office of the Attorney General (OAG) since the last Committee meeting.

Ms. Goodwin shared the clawback report and explained that no clawbacks are past due as of February 17, 2023.

Ms. Goodwin shared that nine clawbacks have been paid and closed out since December 8, 2022.

Ms. Goodwin reviewed the progress report on VJIP projects subject to clawback. She stated that there have been no VJIP clawbacks referred to the OAG and no clawbacks are currently

past due. Ms. Goodwin said that one VJIP clawback has been closed out since December 8, 2022.

Secretary Merrick made a motion to recommend approval of the clawback report. Mr. Sessoms seconded the motion, and the recommendation was unanimously approved.

Ms. Goodwin stated that there is one data center project, OVH, currently subject to clawback, the amount of which is currently being determined.

#### **Semi-annual Report on Incentive Performance (as of 12/31/2022)**

Ms. Goodwin shared the VEDP-Administered Incentives Dashboard. She explained that the dashboard covers seven years of information. She covered the COF clawback history in detail.

Mr. Sessoms made a motion to recommend approval of the Semi-annual Report on Incentive Performance. Ms. Lochte seconded the motion, and the recommendation was unanimously approved.

Ms. Chenery thanked Ms. Goodwin for serving as Interim Vice President of the Incentives division while VEDP works to identify a permanent leader.

#### **Other Topics, Adjournment, and Next Meeting**

The next meeting of the Finance and Audit Committee will be held on June 7, 2023, exact time TBD. The meeting was adjourned at 2:46 p.m.

Respectfully submitted,

Nicole David  
Acting Recording Secretary